Latest News on Trade Deals

The Trump Administration announced several major trade deals over the last few days. The moves, aimed at reducing what the President described as "unfair trade imbalances," have potential implications for NECA contractors engaged in global supply chains or dependent on imported materials, equipment, or technology.

European Union

On July 27, 2025, President Trump announced the U.S. and the E.U. struck a framework trade agreement. Among the highlights of the deal include the following:

- **A 15% uniform tariff on most EU exports to the U.S.**
  This replaces the previously threatened 30% reciprocal tariffs and provides clarity and predictability for exporters in major sectors such as automobiles, semiconductors, and pharmaceuticals;
- **Massive EU commitments to U.S. energy, investment, and defense purchases**
  The EU pledges to purchase approximately **$750 billion** in U.S. energy products (about $250 billion annually over three years), invest **$600 billion** in the U.S., and procure substantial U.S. military equipment, and;
- **Targeted tariff exemptions and maintained high duties on steel and aluminum**
  Certain strategic products—including aircraft and parts, select chemicals, semiconductor equipment, generic drugs, and some agricultural inputs—will remain tariff-free. However, existing U.S. tariffs of **50% on steel and aluminum** will remain in place, though both sides have agreed to future negotiations potentially transitioning to quotas

The new deal is being framed by the administration as a countermeasure to what it alleges are longstanding EU trade subsidies and barriers that disadvantage American exporters. However, the construction industry may experience cost increases in imported metals, electrical components, and specialty tools.

Japan

On July 22, 2025, President Trump also announced a new bilateral trade deal with Japan following several weeks of tense negotiations. The agreement, in which Japan will be subject to a baseline 15% tariff rate, averts the immediate imposition of auto tariffs on Japanese vehicles in exchange for increased market access for U.S. agricultural goods and limited regulatory alignment.

Japan will invest $550 billion directed by the United States to rebuild and expand core American industries. Trial base, including:

- **Energy infrastructure and production**, including LNG, advanced fuels, and grid modernization;
- **Semiconductor manufacturing and research**, rebuilding U.S. capacity from design to fabrication;
- **Critical minerals mining, processing, and refining**, ensuring access to essential inputs;

- **Pharmaceutical and medical production**, ending U.S. dependence on foreign-made medicines and supplies; and,
- **Commercial and defense shipbuilding.**

Strengthening Indo-Pacific Ties

The U.S. has finalized or advanced trade agreements with the Philippines, Indonesia, and Vietnam, covering approximately 19% of trade volume with each country (20% for Vietnam) — as part of a broader strategy to deepen economic engagement in the Indo-Pacific and counter China's influence.

The deals with the Philippines and Indonesia will eliminate tariff barriers, on a preferential basis, on nearly 100% of U.S. products exported to across all sectors, including for all agricultural products, health products, seafood, information and communications technology, automotive products, and chemicals.

The Vietnamese deal will be similar on U.S. exports and include a 20% Tariff on any and all goods sent into the U.S., and a 40% Tariff on any Transshipping of goods through Vietnam.

Implications for NECA Contractors

Contractors that import materials or equipment ,or rely on vendors who do, should expect potential cost increases, delivery delays, or sourcing challenges. These tariffs may have downstream effects on project pricing, timelines, and profitability.

Key concerns include:

- **Material Costs:** Electrical materials and specialty metals imported from the EU may see double-digit price increases if tariffs persist.
- **Equipment Sourcing:** Japanese-made electronics, batteries, or diagnostic tools used in high-voltage or renewable energy work may be affected.
- **Contract Language:** Contractors should review their bid language and prime/subcontract agreements for clauses addressing cost escalations related to tariffs or trade policy changes.

NECA recommends contractors take the following actions:

- **Monitor Vendor Communications:** Suppliers may announce pricing adjustments or recommend alternative products in response to changing tariff policy.
- **Evaluate Domestic Alternatives:** Where feasible, identify U.S.-made substitutes for imported products to mitigate potential cost impacts.
- **Document Cost Impacts:** Maintain clear records of cost increases linked to tariffs to support potential change order or repricing negotiations.
- **Coordinate with NECA Chapters:** Chapters can serve as key points of contact for tracking region-specific impacts and reporting disruptions to NECA's national team.

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Outlook

Trade tensions are likely to persist as the White House pressures other counties to come to a new trade deal by its self-imposed August 1 deadline. The administration's willingness to impose sector-specific duties with little advance notice underscores the importance of flexibility and contingency planning at the contractor level.

As this situation evolves, NECA will continue to monitor and provide updates on trade developments, including any new tariffs, retaliatory measures, or international trade rulings that may impact our industry.

For questions, or to share your concerns, please contact NECA Government Affairs at **necagovtaffairs@necanet.org.**